

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 IO-11 SAM-01 CIAE-00 PM-04 H-02 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 EB-07 CIEP-01 TRSE-00 STR-04 OMB-01 CEA-01

COME-00 AF-06 OPIC-03 ACDA-05 SCCT-01 /105 W

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R 091702Z FEB 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6356

AMEMBASSY LISBON

INFO AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION NATO BRUSSELS

DIA WASHDC

CINC EUR VAIHINGEN

USMISSION USUN NEW YORK

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 02220

E. O. 11652: GDS

TAGS: PFOR, PO, GW, UN, EEC, EFIN

SUBJECT: GENSCHER'S VISIT TO PORTUGAL

REFS: (A) BONN 01974 DTG 051319Z FEB 76 (NOTAL)

(B) BONN 02098 DTG 061711Z FEB 76 (NOTAL)

(C) LISBON 00856 DTG 061735Z FEB 76 (NOTAL)

BEGIN SUMMARY: FRG FOREIGN MINISTER GENSCHER PAID A
26-HOUR OFFICIAL VISIT TO PORTUGAL ON FEBRUARY 4 AND 5.
JUST BEFORE THE FOREIGN MINISTER ARRIVED IN LISBON, THE
BUNDESBANK ANNOUNCED ITS \$250 MILLION CREDIT TO THE
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BANCO DE PORTUGAL (REFTEL A). WITH THAT KIND OF

AUSPICIOUS BEGINNING, THE VISIT ALMOST HAD TO BE A SUCCESS. IT WAS. END SUMMARY.

1. THE GERMAN DIRECTOR FOR WEST EUROPEAN AFFAIRS (DR. RUHFUS) BRIEFED AN EMBOFF ON RESULTS OF THE VISIT AS SEEN BY BONN. DEVELOPMENTS IN ANGOLA WERE TREATED IN REFTEL B.

2. ACCORDING TO DR. RUHFUS, THE ECONOMIC/FINANCIAL CHARACTER OF THE VISIT WAS IMPORTANT, BUT THE FRG ATTACHED PRIMARY IMPORTANCE TO ITS POLITICAL ASPECTS. GENSCHER TOLD HIS HOSTS THAT HIS VISIT WAS PROOF OF GERMANY'S CONFIDENCE IN THE DEMOCRATIC PROCESS IN PORTUGAL. THE FOREIGN MINISTER ADDED THAT IT WAS AN ATTEMPT TO STRENGTHEN THE EFFORTS OF THE POLITICAL PARTIES TOWARDS ACHIEVING FULL DEMOCRACY IN THAT COUNTRY. GENSCHER TOOK THE SAME LINE WITH REPORTERS, TO WHOM HE SAID: "THIS VISIT IS A POLITICAL GESTURE AND SHOULD BE UNDERSTOOD AS SUCH. THE VISIT IS TO DOCUMENT THE FRG'S TRUST THAT PORTUGAL WILL FOLLOW A DEMOCRATIC DEVELOPMENT."

3. GENSCHER'S HOST WAS PORTUGUESE FOREIGN MINISTER ANTUNES, WHO HAD BEEN HIS GUEST IN BONN LAST MAY. IN LISBON, GENSCHER ALSO MET WITH PRESIDENT COSTA GOMES, PRIME MINISTER ALZEVADO, PPD SECRETARY GENERAL SA CARNEIRO (WHO WILL BE PAYING A VISIT TO BONN IN MARCH), CDS LEADER AMARAL AND SOCIALIST SECRETARY GENERAL SOARES. THIS WAS THE FIFTH MEETING BETWEEN GENSCHER AND SOARES SINCE THE NATO GATHERING IN OTTAWA IN 1974.

4. ALL OF THE PORTUGUESE WITH WHOM GENSCHER SPOKE WERE OPTIMISTIC ABOUT THE POLITICAL FUTURE IN THE COUNTRY. PARLIMENTARY ELECTIONS WOULD TAKE PLACE IN APRIL. WHILE CERTAIN PROBLEMS REMAINED UNRESOLVED -- E.G., WHETHER THE REVOLUTIONARY COUNCIL WOULD HAVE A VETO -- THE PORTUGUESE WERE CONFIDENT THAT THESE WOULD BE SOLVED. ONCE ELECTIONS TAKE PLACE, FULL-FLEDGED POLITICAL PARTIES WILL EMERGE.

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5. EVERYONE AGREED THAT THE COMMUNISTS WERE LOSING GROUND. IT SEEMED UNLIKELY THAT THE COMMUNISTS WOULD BE IN THE GOVERNMENT TO BE FORMED AFTER THE ELECTIONS. MOST PROBABLY THE GOVERNMENT WOULD EITHER BE A COALITION OF THE PS AND THE PPD OR ONE OF THE PPD AND THE CDS.

6. THE PORTUGUESE WERE VERY GRATEFUL FOR THE ECONOMIC/
FINANCIAL HELP WHICH THE FRG HAD GIVEN IT. HOWEVER,
ECONOMIC PROBLEMS REMAIN VERY DIFFICULT, ESPECIALLY
THE BALANCE OF PAYMENTS. LAST YEAR THE FEDERAL GOVERN-
MENT GRANTED PORTUGAL A DM 70 MILLION CREDIT. THE
EEC FOR ITS PART HAD EXTENDED A CREDIT OF 150 MILLION
INTERNATIONAL UNITS OF ACCOUNT. NOW THE BUNDESBANK
HAD EXTENDED ITS \$250 MILLION CREDIT(REFTEL A).
DR. RUHFUS NOTED THAT THE MONEY HAD BEEN MADE AVAILABLE
AS OF JANUARY 30 AND THE TERMS WERE SIMILAR TO THOSE OF
LAST YEAR'S ITALIAN CREDIT. (COMMENT: DR. RUHFUS MAY

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 02220

BE IN ERROR CONCERNING THE TERMS. THE EMBASSY IS
CHECKING FURTHER.)

7. FOREIGN MINISTER GENSCHER HAD STRONGLY EMPHASIZED
TO HIS PORTUGUESE HOSTS THAT GOVERNMENT AID WAS NOT
ENOUGH TO GET PORTUGAL OUT OF ITS CURRENT ECONOMIC
CRISES. PRIVATE INITIATIVE WAS ESSENTIAL. IN ORDER TO
ENCOURAGE FRG INVESTMENT, A BETTER INVESTMENT CLIMATE
WAS REQUIRED. TO FACILITATE MATTERS, THE FEDERAL AND
PORTUGUESE GOVERNMENTS HAD AGREED THAT DISCUSSIONS
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CONCERNING AN INVESTMENT PROTECTION AGREEMENT WOULD
BEGIN IN MARCH. THEN IN JUNE THE PORTUGUESE-GERMAN
MIXED ECONOMIC COMMISSION WOULD HAVE ITS MEETING.

8. THE PORTUGUESE TOLD GENSCHER THAT THEY HAD NO
IMMEDIATE INTEREST IN JOINING THE EEC. ON THE OTHER
HAND, THEY WERE EXTREMELY ANXIOUS TO GET AN IMPROVED
TRADE AGREEMENT WITH THE COMMUNITY.

9. NATO WAS HARDLY DISCUSSED. THE PORTUGUESE OFFICIALS
DID, HOWEVER, STATE THAT THEIR MEMBERSHIP IN THAT
ORGANIZATION HAD NEVER BEEN AT STAKE.

10. FOREIGN MINISTER GENSCHER HAD SPOKEN OF THE GERMAN
INITIATIVE TO COMBAT INTERNATIONAL TERRORISM. THE
EC-NINE HAD AGREED TO SPONSOR A JOINT INITIATIVE IN THE
UN. FOREIGN MINISTER ANTUNES STATED THAT HE VIEWED
THE TERRORIST PROBLEM WITH CONCERN. PORTUGAL WOULD
SUPPORT THE EC-NINE'S UN INITIATIVE.

11. DR. RUHFUS CONCLUDED THE BRIEFING BY STATING THAT
FOREIGN MINISTER GENSCHER FOUND THE SITUATION IN
PORTUGAL TO BE ENCOURAGING POLITICALLY, BUT THE COUNTRY
FACED GREAT ECONOMIC PROBLEMS.
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